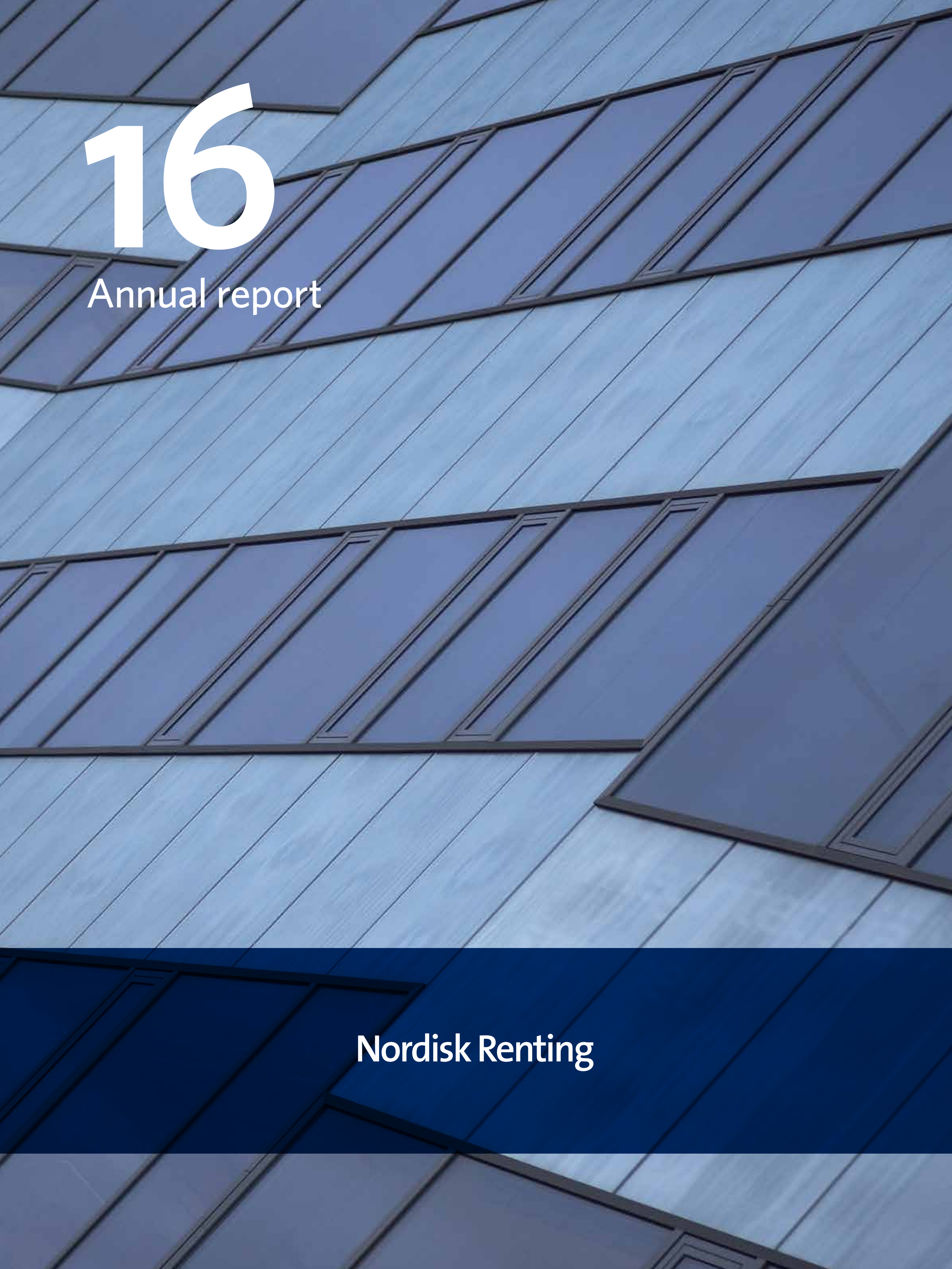
16
Annual report



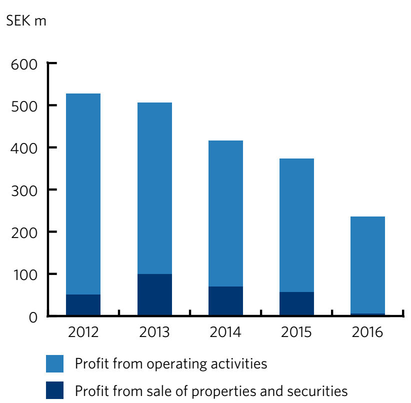
Nordisk Renting

Five-year summary (Group)

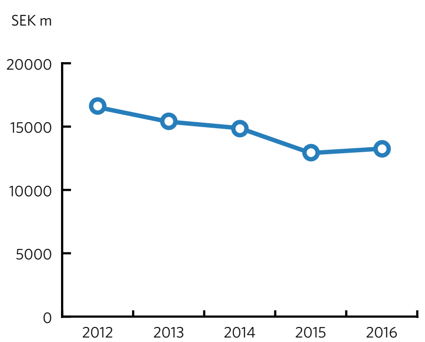
(SEK m)	2016	2015	2014	2013	2012 [4]
Net sales	873	948	1 342	1.166	1.222
Operating profit/loss	502	611	1 009	870	925
Profit after financial items	236	373	416	506	527
Balance sheet total	13.257	12.913	14.880	15.383	16 529
Equity/assets ratio	26.4 %	36.7 %	34.6 %	34.8 %	31.5 %
Return on equity [1]	5.7 %	2.9 %	5.8 %	7.6 %	8.6 %
Return on total assets [2]	4.0 %	5.0 %	5.0 %	5.6 %	5.7 %
Average number of employees [1 & 3]	17	19	15	16	15

[1] Profit for the year / Average adjusted equity
[2] (Profit after financial items + interest expense) / Average balance sheet total
[3] Calculation of Return on Equity 2015 has been adjusted for one-off paid group contribution of SEK 220m
[4] 2012 has not been restated in accordance with K3

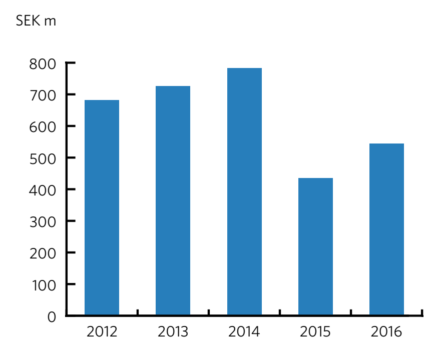
Profit after financial items



Balance sheet total



Cash flow from operating activities



Transactions during the year

DURING THE YEAR agreements with two new customers were entered into, Vantaa Energy and Posti Group in Finland, amounting to 659 MSEK. The agreement with Vantaa Energy enables the customer to develop the property as a head office for its business. The agreement with Posti Group is a sale-and-leaseback agreement of a logistics property.

During the year, the remaining equity interest, 50%, in the associated company Airside Properties AB was acquired from GE Capital. Airside Properties holds assets at Copenhagen Airport. The acquisition increased the property volume by 255 MSEK.

Two agreements were renegotiated and prolonged. One regarding Mercedes-Benz central warehouse in Gothenburg and one regarding infrastructure in Oslo that is used by Hafslund. A new agreement was entered into with the Police Authority relating to an office property on Gotland.

The year 2016 in short

- **Net sales fell** during the year to 873 MSEK (948) as a consequence of lower market interest rates as well as a reduction in the property portfolio due to new transactions not having generated full earnings during the year.

- **Profit after financial** items of 236 MSEK (373) fell by 137 MSEK. This is mainly explained by the reduced net sales, the lower net interest of 270 MSEK (318) and fewer disposals which generated capital gains of 6 MSEK (56). During the year impairments were reversed of 5 MSEK (79).

- **The cash flow** from operating activities including gains from sale of properties and equipment amounted to 550 MSEK (491).

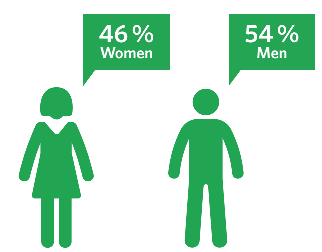
- **Long-term liabilities** increased by 1,630 MSEK (-1,463). The external funding has been repaid during the year. The Group's liquid assets on 31 December 2016 amounted to 485 MSEK (547) and unutilised overdraft facilities totalled 491 MSEK (488).

- **The review of** the Company's capital structure continued during 2016. It led to a decision to reduce the equity ratio by an increased distribution of profits and repayment of external funding. The Company remains sufficiently capitalised to meet both the prevailing market conditions and planned business development as well as being well positioned for the long term business.

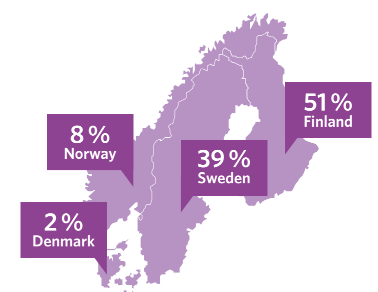
- **Equity decreased to** 3,500 MSEK (4,745), as a result of the company's overview of the capital structure. The equity ratio, including minority shares, amounted to 27.1 percent (37.5) and , exclusive minority shares, to 26.4 percent (36.7).

- **Sven- Åke Johansson, chairman,** and Göte Dahlin, deputy chairman, left the board at the Annual General meeting in 2017. Lars Linder-Aronson was elected as new chairman.

At a glance



Gender balance



Country split based on asset book value

Sectors representing the customers businesses.

Public sector	23 %	Construction	10 %
Retail	21 %	Telecommunications	7 %
Financial sector	17 %	Hotels & Restaurants	6 %
Industrials	10 %	Flight & Car	7 %

From the CEO

FOR NORDISK RENTING, 2016 has been a year of development and renewal. The company has made considerable changes in regards to strategic and operational development, a work that has brought both challenges and opportunities.

WE HAVE CONTINUED to work on a Nordic basis with business activities primarily in the Swedish and Finnish markets, but also in Norway and Denmark. During the year we have increased our activity and completed deals in all markets, with both existing and new customers. At the end of 2016, the portfolio amounted to 12,637 MSEK, an increase of 751 MSEK from 2015.

"The company has made considerable changes in regards to strategic and operational development"

IN SEPTEMBER, collaboration was initiated with Posti Group in Finland, when we acquired their logistics facility in Orimattila, where they continue their business through a long-term lease. We also gained full control of Airside Properties by acquiring the remaining 50% stake from GE Capital. Airside Properties owns three properties at Copenhagen Airport and has SAS, Sodexo and CAE as tenants. During the year we have also strengthened existing relationships by renegotiating and renewing existing leases, including Mercedes-Benz for their logistics centre in Gothenburg, as well as Norwegian Hafslund regarding infrastructure facilities in Oslo.

CUSTOMER RELATIONS ARE the core of Nordisk Renting's business and we always aim to put the customer needs in focus. We are actively working to improve in areas where there is room for further development. Our goal is to create long-term customer relationships that are beneficial to all parties involved.

AT THE END of 2016, we could see a profit after financial items that had decreased from 373 MSEK 2015 to 236 MSEK 2016, mainly due to reduced net sales, lower net interest income and fewer divestments. Cash flow from operating activities amounted to MSEK 544, an increase of MSEK 109 from 2015.

THE BOARD PROPOSED a dividend of 1,500 MSEK, which exceeds the parent company's profit by MSEK 111, but is 105 MSEK less than cash flow from operating activities.

I LOOK FORWARD to continued successful work with the new strategy and working closely with the Structured Finance division of the bank. We see good opportunities for expansion and development of our business going forward. Our main goal is to continue to deliver a high customer value for our customers as well as good results for the owners.

Caroline Bertlin
CEO

Caroline Bertlin, CEO Nordisk Renting AB since 1 January 2016.

Chairman's statement

During my 25 years as Chairman of Nordisk Renting, the company has developed tremendously. Since 1992, when I was appointed Chairman by Nordbanken and other owners at the time, Nordisk Renting has been refined from a newly established, small company to the very significant and well-established actor it is in the financial market today, with many solid customers in both the private and public sectors in the Nordic region.

IT HAS BEEN exciting to get to know and work with so many skilled employees, and a privilege to work with three CEOs; Göte Dahlin for 10 years, Reinhold Geijer for 15 years and later Caroline Bertlin. They have all put their individual mark on the company and demonstrated outstanding leadership. It is the individuals who, in conjunction with a skilled management team, create the business. The work of the different Boards of Directors has been very enriching over the years.

Nordisk Renting has faced a number of challenges during the years: the company has successfully navigated and managed several financial crises and structural changes, expansion and consolidation phases as well as new market conditions and laws. Nordisk Renting has also been able to assimilate to and take advantage of the vast technological development that has taken place during the past quarter of a century. This is a testament to the fantastic corporate culture and committed employees who have been Nordisk Renting's main characteristic during all these years, as well as its strong business idea and strategy.

IN 2003, THE COMPANY was acquired by The Royal Bank of Scotland, which enabled expansion as well as synergies between the two organisations. Nordisk Renting is nowadays part of RBS core business, where the Board of Directors in excellent collaboration with the management team of RBS Structured Finance has created a plan for further expansion. I am looking forward to seeing how Nordisk Renting will continue to grow and develop, supported by RBS.

With these words, I would like to express my gratitude and pride for having been a part of Nordisk Renting's development over the past 25 years. It is with joy and excitement I hand over the presidency to Lars Linder-Aronson, a mission that I am convinced he, with his extensive business experience, will take on with great skill.

Sven-Åke Johansson
Chairman of the Board
1992–2017

From the incoming Chairman

NORDISK RENTING IS a company characterised by stability and long-term business. With the durable and close customer relationships established and maintained by Nordisk Renting during its 30-year history, the company has remained steady in a changing world. These firm relationships are a result of the strong and unique business concept Nordisk Renting offers which, in turn, is based on the company's combination of long and invaluable industry experience and customer knowledge, combined with expertise in real estate and finance.

WITH THE STRENGTH of the solid foundation and business concept that has taken the company through internal and external changes over the years, it is a natural process for the company to develop and adapt to the customers' changing needs, something that Nordisk Renting has been working intensively with over the past year. I look forward to joining as Chairman of the Board at this stage, when Nordisk Renting enters the next phase of development.

The future offers countless opportunities for an organisation like Nordisk Renting. The company is active in the Nordic market - one of the strongest macro regions in the world, with good growth and high concentration of multinational companies. Nordisk Renting is also in a favourable position to utilise the synergies that arise from being part of the RBS Group's offer in Structured Finance. Of course, the rapid digital and technological development also opens many doors such as increased scope and opportunity for expansion and innovation, among other things.

NORDISK RENTING IS thus facing a very exciting time. With these excellent conditions, it is up to us to strive for continued strategic and operational development, to further expand our offer and adapt to growth. I am excited to assume the role as Chairman of the Nordisk Renting Board and I look forward to many interesting and educating years in the business.

Lars Linder-Aronson
Chairman 2017

Administration Report

Nature and focus of the operation

Nordisk Renting's business concept is to offer leasing of properties to financially strong private and public sector business partners in the Nordic countries with strategic interest in long-term collaboration. Nordisk Renting acquires, owns, and together with the customer works to develop properties and offers both operating and finance leases.

The Group's customers mainly comprise large private Nordic companies, but can also be found among the Swedish and Finnish states, local and county authorities, and other public sector entities.

In order to offer the most competitive business solutions, Nordisk Renting conducts its business operations with limited risk exposure. This presupposes agreements with financially strong customers and business partners, often in combination with a call option to buy, enabling the customer to retain control over the property and benefit from any future growth in value. Ongoing management of the properties is carried out either by the customer or by another external party.

Nordisk Renting is headquarterd in Stockholm but also has offices and personnel in Helsinki.

Owners

Nordisk Renting AB is a wholly-owned subsidiary of Strand European Holdings AB, reg. no. 556643-7785, based in Stockholm.

Strand European Holdings AB is part of The Royal Bank of Scotland Plc group, reg. no. sc 90312, based at 36 St Andrew Square, Edinburgh EH2 2YB, Scotland, UK.

Important events during the financial year

Nordisk Renting entered into an acquisition agreement with Vantaa Energy relating to an office property in Vantaa, Finland. This enables the customer to develop the property as a head office for its business.

A new collaboration was initiated with Posti Group in Finland involving a sale-and-leaseback agreement of a logistics property which created a financing solution for the customer.

The two properties in Finland were acquired for 659 MSEK (103).

During the year, the remaining equity interest, 50%, in the associated company Airside Properties AB was acquired from GE Capital. Airside Properties holds assets at Copenhagen Airport. The acquisition increased the property volume by 255 MSEK.

An agreement with Mercedes-Benz, relating to a central warehouse in Gothenburg, was renegotiated and extended in a new agreement.

An agreement with Hafslund, Norway, relating to infrastructure in Oslo was renegotiated and extended in a new agreement. A new agreement was entered into with the Police Authority relating to part of an office property on Gotland.

The last part of the external financing of 1,007 MSEK from Nykredit was repaid during the year.

Properties with a book value of 139 MSEK (1,332) were sold. Of the 2 (7) divestments made during the year, 2 (6) were in accordance with existing option agreements.

Financial Summary

Progress of the Group's operations, position and financial results

	2016	2015	2014	2013	2012[4]
Net sales	873	948	1.342	1.166	1.222
Operating profit/loss	502	611	1009	870	925
Profit after financial items	236	373	416	506	527
Balance sheet total	13.257	12.913	14.880	15.383	16.529
Equity/assets ratio	26.4 %	36.7 %	34.6 %	34.8 %	31.5 %
Return on equity [1]	5.7 %	2.9 %	5.8 %	7.6 %	8.6 %
Return on total assets [2]	4.0 %	5.0 %	5.0 %	5.6 %	5.7 %
Return on equity (adjusted) [1 & 3]	–	6.2 %	–	–	–
Average number of employees	17	19	15	16	15

(1) Profit for the year/Average adjusted equity
(2) Profit after financial items + interest expenses)/Average balance sheet total
(3) The calculation of return on equity in 2015 has been adjusted by a one-time group contribution of 220 MSEK.
(4) 2012 has not been restated in accordance with K3.

Group profit

Net sales fell during the year to 873 MSEK (948) as a consequence of a reduction in the property portfolio and lower market interest rates.

Profit after financial items of 236 MSEK (373) fell by 137 MSEK. This is mainly explained by the reduced net sales, the lower net interest of 270 MSEK (318) and fewer disposals which generated capital gains of 6 MSEK (56). During the year impairments were reversed of 5 MSEK (79).

Financing

The Royal Bank of Scotland is the company's main financier. Since the parent company is part of The Royal Bank of Scotland, of which the British government is the majority owner, the company's long-term financing is deemed to be secure. As a wholly-owned subsidiary within The Royal Bank of Scotland, Nordisk Renting fulfils all applicable regulatory requirements.

The company has repaid loans that existed at other financiers. At the year-end, external borrowing amounted to 0 MSEK (1,007).

Progress of the parent company's operations, position and financial results

	2016	2015	2014	2013	2012[5]
Net sales	9	11	11	12	14
Operating profit/loss	-36	-29	-16	-19	-76
Profit after financial items	1.304	429	342	184	537
Balance sheet total	7.276	7.046	7.306	7.546	8.501
Equity ratio [1]	38.5 %	44.7 %	46.0 %	46.8 %	42.6 %
Return on equity [2]	46.7 %	11.3 %	8.8 %	5.3 %	13.3 %
Return on total assets[3]	20.9 %	8.4 %	8.7 %	5.8 %	7.1 %
Return on equity (adjusted) [2 & 4]	–	16.1 %	–	–	–
Average number of employees	14	15	12	14	13

(1) Adjusted equity/Balance sheet total
(2) Profit for the year/Average adjusted equity
(3) (Profit after financial items + interest expenses)/Average balance sheet total
(4) The calculation of return on equity in 2015 has been adjusted by a one-time group contribution of 220 MSEK.
(5) 2012 has not been restated in accordance with K3.

Parent company profit

Profit for the year after financial items of 1,304 MSEK (429) increased by 875 MSEK compared to the previous year. The increase was explained by higher dividends from subsidiaries.

Significant risks and uncertainty factors

The company's operation, financial results and position are affected by business risks, operational risks and financial risks.

More prominent business risks are changes in the value of the property holdings, as well as loss of income when premises stand vacant. These are mitigated primarily by the Group entering into long-term leases with financially strong parties, which have a strategic interest in the property.

All of the Group's properties are insured at full value, or at an estimated replacement cost.

The Group's operational risks are managed within the framework of The Royal Bank of Scotland's Group-wide risk programme, which entails the company's internal control environment being tested and assessed on a quarterly basis.

Financial risks refer primarily to interest rate, exchange rate and liquidity risk and are dealt with as defined in the financial and risk policy adopted by the Board. For further information about handling financial risks, see Note 4.

Anticipated future progress

Nordisk Renting's main business focus remains unchanged, and in 2017 the company expects to consolidate its market position. Nordisk Renting's ambition is to grow by creating long-term sustainable solutions for new and existing customers alike.

Financial instruments

Information regarding the company's financial instruments, goals and applied principles for financial risk management, along with a description of applying hedge accounting, can be found in Note 4 Derivatives and financial instruments. The Note also contains disclosures and a description of risks.

Non-financial disclosures

Personnel

Nordisk Renting is part of The Royal Bank of Scotland's Group-wide equality plan. The Group works for diversity in all areas.

Environment

The company conducts no operations that are hazardous to the environment.

Proposed distribution of profits (SEK)

Parent company

The following earnings are at the disposal of the Annual General Meeting:

Profit brought forward from previous year	1,257,919,779
Profit for the year	1,389,093,049
	2,647,012,828

The Board and the Chief Executive Officer propose that:

to be paid to the shareholders as a dividend	1,500,000,000
to be carried forward	1,147,012,828
	2,647,012,828

The Board's statement pursuant to Chapter 18 Section 4 of the Companies Act on the proposed dividend

The Board considers the proposed distribution of profits to be justifiable taking into consideration the requirements which the nature, scope and risks of the operation, both with regard to the company and the Group, place on the size of the equity, and the company's and the Group's consolidation requirements, liquidity and position in general. The dividend exceeds the profit for the year by 111 MSEK but is 105 MSEK below the cash flow from current operations, which would reduce the Group's equity ratio from 26.4 per cent to 15.1 per cent (if the dividend had taken place at the end of the year).

For further information on the parent company's and the Group's results and position, refer to the following income statements and balance sheets, to the equity statements, cash flow statements and Notees. All amounts are in thousands of SEK unless otherwise stated.

Consolidated Income Statement

(KSEK)	Note	2016	2015
Net sales	5, 6	872,714	948,143
Property and operating expenses	5, 6	-328,383	-355,542
Gross profit		**544,331**	**592,601**
Business and marketing expenses		-29,230	-26,973
Administrative costs		-31,653	-27,299
Other operating income		2,679	133
Profit/loss from participations in related companies	17	9,263	17,230
Profit from sale of property and shares	10	6,158	55,679
Operating profit/loss	7, 8, 9, 19	**501,548**	**611,371**
Profit from financial investments			
Profit from other securities and receivables classified as non-current assets	11	5,000	79,129
Other interest income and similar income	12	11,330	871
Interest expenses and similar expenses	13	-282,070	-318,767
Profit after financial items		**235,808**	**372,604**
Group contributions paid		**–**	**-220,000**
Tax on profit for the year	14	-802	-10,457
Profit for the year		**235,006**	**142,147**

Consolidated Balance Sheet

(KSEK)	Note	2016-12-31	2015-12-31
ASSETS			
Fixed assets			
Tangible fixed assets			
Investment properties	15	10,908,890	10,392,177
Equipment	16	1,826	2,191
		10,910,716	**10, 394, 368**
Financial assets			
Participations in associated companies	17	–	249,527
Deferred tax asset	18	1,482	1,551
Finance leases	19	1,728,563	1,494,619
		1,730,045	**1,745,697**
Total fixed assets		**12,640,761**	**12 140 065**
Current assets			
Trade receivables		61,314	39,739
Tax receivables		25,470	39,813
Other receivables		5,502	103,676
Prepaid expenses and accrued income	20	39,428	42,334
		131,714	**225,562**
Cash and bank balances		**484,600**	**547,080**
Total current assets		**616,314**	**772,642**
TOTAL ASSETS		**13,257,075**	**12,912,707**

Consolidated balance sheet

(KSEK)	Note	2016-12-31	2015-12-31
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Share capital		129,600	129,600
Additional paid-in capital		25,980	25,980
Other equity incl. profit for the year		3,344,796	4,589,352
Equity attributable to the parent company's shareholders		**3,500,376**	**4,744,932**
Minority shareholding		**94,001**	**94,001**
Total equity		**3,594,377**	**4,838,933**
Provisions			
Deferred tax liability	18	142,021	206,563
		142,021	**206,563**
Non-current liabilities	21		
Liabilities to credit institutions		–	1,006,583
Liabilities to Group companies		9,182,531	6,545,443
Other non-current liabilities		15,219	15,250
		9,197,750	**7,567,276**
Current liabilities			
Accounts payable		5,413	189
Liabilities to Group companies		690	714
Other current liabilities		45,684	47,140
Accrued expenses and deferred income	22	271,140	251,892
		322,927	**299,935**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**13,257,075**	**12,912,707**

Consolidated statement of changes in equity

	Equity attributable to the parent company's shareholders					
(KSEK)	**Share capital**	**Additional paid-in capital**	**Other equity incl. profit for the year**	**Total equity attributable to shareholders of the parent company**	**Minority shareholding**	**Total equity**
Opening balance at 1 January 2016	**129,600**	**25,980**	**4,589,352**	**4,744,932**	**94,001**	**4,838,933**
Profit for the year			235,006	235,006		**235,006**
Changes in the carrying amount of assets and liabilities:						
Currency translation adjustment			69,887	69,887		**69,887**
Hedging of foreign investment			-63,396	-63,396		**-63,396**
Tax effect of hedging of foreign investment			13,947	13,947		**13,947**
Total changes in value	**–**	**–**	**20,438**	**20,438**	**–**	**20,438**
Transactions with shareholders:						
Utdelningar			-1,500,000	-1,500,000		**-1,500,000**
Total transactions with shareholders	**–**	**–**	**-1,500,000**	**-1,500,000**	**–**	**-1,500,000**
Closing balance at 31 December 2016	**129,600**	**25,980**	**3,344,796**	**3,500,376**	**94,001**	**3,594,377**

"Minority interests" means invested capital from external limited partners.

	Equity attributable to the parent company's shareholders					
(KSEK)	**Share capital**	**Additional paid-in capital**	**Other equity incl. profit for the year**	**Total equity attributable to shareholders of the parent company**	**Minority shareholding**	**Total equity**
Opening balance 1 January 2015	**129,600**	**25,980**	**4,985,708**	**5,141,288**	**94,001**	**5,235,289**
Profit for the year			142,147	142,147		**142,147**
Changes in the carrying amount						
of assets and liabilities:			-40,912	-40,912		**-40,912**
Currency translation adjustment			41,550	41,550		**41,550**
Hedging of foreign investment			-9,141	-9,141		**-9,141**
Tax effect of hedging of foreign investment	**–**	**–**	**-8,503**	**-8,503**	**–**	**-8,503**
Total changes in value						
Transactions with shareholders:						
Dividends	–	–	-530,000	-530,000		**-530,000**
Total transactions with shareholders	**–**	**–**	**-530,000**	**-530,000**	**–**	**-530,000**
Closing balance 31 December 2015	**129,600**	**25,980**	**4,589,352**	**4,744,932**	**94001**	**4,838,933**

"Minority interests" means invested capital from external limited partners.

Consolidated cash-flow analysis

(KSEK)	Note	2016	2015
Current operations			
Profit after financial items		235,808	372,604
Adjustments for items not included in the cash flow:			
Depreciation/amortisation and impairments		242,127	178,653
Capital gains from sales		-6,000	-55,679
Unrealised exchange rate differences		-12,370	1,823
Share in profit of associated companies		-9,263	-17,230
Other items not affecting cash flow		56,788	64,479
Income tax paid		-31,802	-89,567
Cash flow from current activities before working capital changes		**475,288**	**455,083**
Cash flow from changes in working capital			
Decrease (+)/increase (-) in current receivables		83,416	-2,341
Decrease (-)/increase (+) in current liabilities		-14,299	-17,895
Cash flow from operating activities		**544,405**	**434,847**
Investing activities			
Acquisition of subsidiaries		-235,496	-9,369
Sales of subsidiaries		16,106	1,338,552
Acquisition of and investments in investment properties		-338,253	-9,439
Acquisition of equipment, fixtures and fittings		-107	-199
Change in financial assets		139,231	165,946
Cash flow from investments		**-418,519**	**1,485,491**
Financing activities			
Group contributions paid		–	-220,000
Loans raised		2,889,050	544,983
Loan repayments		-1,581,886	-1,856,274
Dividend paid		-1,500,000	-530,000
Cash flow from financing activities		**-192,836**	**-2,061,291**
Cash flow for the year		**-66,950**	**-140,953**
Cash and cash equivalents at the start of the year		**547,080**	**697,028**
Exchange rate differences in cash and cash equivalents		**4,470**	**-8,995**
Cash and cash equivalents at the end of the year		**484,600**	**547,080**
Supplementary disclosures			
Interest paid		-281,672	-300,245
Interest received		10,034	452
Dividends from associated companies		100,000	120,000

Parent company income statement

(KSEK)	Note	2016	2015
Net sales	5, 6	9,368	10,801
Gross profit		**9,368**	**10,801**
Business and marketing expenses		-22,290	-20,025
Administrative expenses		-24,138	-20,267
Other operating income		787	–
Operating profit/loss	6,7, 8, 9, 19	**-36,273**	**-29,491**
Profit from financial investments			
Profit from shares in Group companies		25,799	184,215
Profit from other securities and receivables classified as non-current assets	11	1,324,421	252,594
Other interest income and similar income	12	232,428	198,506
Impairment on financial assets	17	-47,711	–
Interest expenses and similar expenses	13	-195,108	-176,456
Profit after financial items	10	**1,303,556**	**429,368**
Appropriations	23	104,500	-39,798
Tax on profit for the year	14	-18,962	-22,571
Profit for the year		**1,389,094**	**366,999**

Parent company balance sheet

(KSEK)	Note	2016-12-31	2015-12-31
ASSETS			
Tangible fixed assets			
Equipment	16	1,694	2,092
		1,694	**2,092**
Financial assets			
Receivables from Group companies	24	2,927,612	2,583,216
Receivables from Group companies		3,460,756	3,592,302
Participations in associated companies	17	–	220,000
Tax receivables	18	55	1,302
		6,388,423	**6,396,820**
Total fixed assets		**6,390,117**	**6,398,912**
Current assets			
Current receivables			
Receivables from Group companies		640,135	342,282
Tax receivables		39,598	14,622
Shares in associated companies		–	100,000
Prepaid expenses and accrued income	20	2,392	3,294
		682,125	**460,198**
Cash and bank balances		**203,426**	**186,677**
Total current assets		**885,551**	**646,875**
TOTAL ASSETS		**7,275,668**	**7,045,787**

Parent company balance sheet

(KSEK)	Note	2016-12-31	2015-12-31
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital (1,296,000 shares)		129,600	129,600
Statutory reserve		25,920	25,920
		155,520	**155520**
Non-restricted equity			
Profit or loss brought forward		1,257,920	2,390,921
Profit for the year		1,389,094	366,999
		2,647,014	**2,757,920**
Total equity		**2,802,534**	**2,913,440**
Untaxed reserves	25	**-**	**299,500**
Provisions			
Deferred tax liability	18	46,299	46,294
		46,299	**46,294**
Non-current liabilities	21		
Liabilities to Group companies		3,575,742	3,377,951
Other non-current liabilities		218	250
		3,575,960	**3,378,201**
Current liabilities			
Accounts payable		305	113
Liabilities to Group companies		826,631	382,392
Other current liabilities		2,626	3,148
Accrued expenses and deferred income	22	21,313	22,699
		850,875	**408,352**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**7,275,668**	**7,045,787**

Parent company report of change in equity

(KSEK)	Restricted equity Share capital	 Statutory reserve	Non-restricted equity Retained earnings	 Profit for the year	Total equity
Opening balance at 1 January 2016	129,600	25,920	2,390,921	366,999	2,913,440
Distribution of previous year's profit			366,999	-366,999	–
Profit for the year				1,389,094	**1,389,094**
Transactions with shareholders:					
Dividends			-1,500,000		**-1,500,000**
Total transactions with shareholders	**–**	**–**	**-1,500,000**	**–**	**-1,500,000**
Closing balance at 31 December 2016	**129,600**	**25,920**	**1,257,920**	**1,389,094**	**2,802,534**

Share capital (1,296,000 shares with a quota value of SEK 100)

	Restricted equity Share capital	 Statutory reserve	Non-restricted equity Retained earnings	 Profit for the year	Total equity
Opening balance 1 January 2015	**129,600**	**25,920**	**2,617,572**	**303,349**	**3,076,441**
Distribution of previous year's profit			303,349	-303,349	–
Profit for the year				366,999	**366,999**
Transactions with shareholders:					
Dividends			-530,000		**-530,000**
Total transactions with shareholders	**–**	**–**	**-530,000**	**–**	**-530,000**
Closing balance 31 December 2015	**129,600**	**25,920**	**2,390,921**	**366,999**	**2,913,440**

Parent company cash flow statement

(KSEK)	Note	2016	2015
Current operations			
Profit after financial items		1,303,556	429,368
Adjustments for items not included in the cash flow:			
Depreciation/amortisation and impairments		453	459
Capital gains from sales		–	-46,243
Unrealised exchange rate differences		205	22,912
Other items not affecting cash flow		–	-132,342
Income tax paid		-38,784	-48,719
Cash flow from operating activities before changes in working capital		**1,265,430**	**225,435**
Cash flow from changes in working capital			
Decrease (+)/increase (-) in current receivables		537,281	80,655
Decrease (-)/increase (+) in current liabilities		-197,584	10,057
Cash flow from current activities		**1,605,127**	**316,147**
Investment activities			
Acquisition of subsidiaries		-124,396	–
Divestment of subsidiaries		–	46,243
Acquisition of equipment, fixtures and fittings		-55	-198
Change in financial assets		132,168	265,449
Cash flow from investing activities		**7,717**	**311,494**
Financing activities			
Loans raised		209,275	–
Group contributions paid		-293,000	-220,000
Loan repayments		–	-45,955
Dividend paid		-1,500,000	-530,000
Cash flow from financing activities		**-1,583,725**	**-795,955**
Cash flow for the year		**29,119**	**-168,314**
Cash and cash equivalents at the start of the year		**186,677**	**356,812**
Exchange rate difference in liquid funds		**-12,370**	**-1,821**
Cash and cash equivalents at the end of the year		**203,426**	**186,677**
Supplementary disclosures			
Interest paid		-82,457	-104,225
Interest received		83,495	76,888
Dividends from associated companies		100,000	120,000

Notes

Note 1 General information

Nordisk Renting AB is a limited company with its registered office in Stockholm, Sweden, registered number 556066-2578. The company and its subsidiaries' ("the Group's") business concept is to acquire, own and – alongside the customer – refine properties for long-term leasing to financially strong private and public sector business partners in the Nordic region, which have a strategic interest in long-term property leasing ventures. The parent company of the largest group in which Nordisk Renting is a subsidiary is The Royal Bank of Scotland Plc, org. no. sc 90312, with headquarters at 36. St Andrew Square, Edinburgh EH2 2YB, Scotland, UK. The foreign parent company's consolidated accounts can be obtained via Nordisk Renting AB.

The parent company of the largest group in which Nordisk Renting is a subsidiary is The Royal Bank of Scotland Plc, org. no. sc 90312, with headquarters at 36. St Andrew Square, Edinburgh EH2 2YB, Scotland, UK. The foreign parent company's consolidated accounts can be obtained via Nordisk Renting AB.

Note 2 Accounting principles and valuation principles

The company applies the Swedish Annual Accounts Act (1995:1554) and BFNAR 2012:1 (the general recommendations of the Swedish accounting Standards Board for annual accounts and consolidated accounts, known as "K3").

Consolidated accounts

The consolidated accounts include the parent company Nordisk Renting AB and those companies over which the parent company directly or indirectly has a controlling interest (subsidiaries). A controlling interest entails the right to formulate another company's financial and operational strategies with the purpose of obtaining financial advantages. When assessing whether any controlling interest exists, consideration should be paid to the possession of financial instruments which may potentially give a right to vote, and which may without delay be utilised or converted to equity instruments which give a right to vote. Account should also be taken of whether the company has the possibility to govern the operation through an agent. A controlling interest normally exists when the parent company directly or indirectly holds shares that represent more than 50 per cent of the votes.

The income and expenses of a subsidiary company are included in the consolidated accounts from the time of acquisition until such a time as the parent company no longer has a controlling interest over the subsidiary. See the section headed 'Business combinations' below for recognition of the acquisition and divestment of subsidiaries.

The accounting principles for subsidiaries are the same as those for the Group. All intra-Group transactions, dealing and unrealised gains and losses attributable to intra-Group transactions have been eliminated in preparing the consolidated accounts.

Business acquisitions

Business combinations are recognised using the acquisition method. The purchase price for the acquisition of business is measured at fair value at the acquisition date, which is calculated as the sum of the fair values at the acquisition date for acquired assets, incurred or assumed liabilities, issued equity instrument and expenses directly related to the business combination. The purchase price also includes the acquisition-date fair value of assets and liabilities that come from a contingent purchase price, if it at the acquisition date is probable that the purchase price will be adjusted at a later date and if the amount can be estimated in a reliable way. Acquisition value for the acquired entity is adjusted on the closing and when the final purchase price is established, but no later than a year after acquisition date.

A provision pertaining to expenditure for restructuring the acquired unit's operation is included in the acquisition analysis only to the extent that the acquired unit meets the conditions for reporting a provision even before the time of acquisition.

Goodwill and negative goodwill

In the case of business combinations where the total of the purchase sum, fair value of minority shares and fair value at the time of the acquisition of former shareholdings exceeds the fair value at the time of acquisition of recognisable acquired net assets, the difference is recognised as goodwill in the consolidated balance sheet. If the difference is negative, the value of recognisable assets and liabilities should be reviewed. Negative goodwill which corresponds to anticipated future losses is taken up as income as the losses arise.

Changes in shareholdings

The acquisition or sale of shares in companies that are subsidiaries both before and after the change are recognised as a transaction between owners, and the effect of the transaction is reported directly in equity.

When the parent company loses a controlling interest over a subsidiary, all shares are deemed sold and the profit or loss that arises from the sale is recognised in the consolidated income statement. If any shares remain after the sale, they are recognised as per chapter 11 on financial instruments measured based on cost, or chapter 14 on associated companies. The cost is the fair value at the time of selling.

Shares in associated companies

An associated company is a company where the Group has a significant but not controlling interest. This normally comprises companies where the Group has 20–50 per cent of the votes. Shares in associated companies are reported in accordance with the equity method.

In applying the equity method, an investment in an associated company is initially recognised as the cost of the asset. The carrying amount is then increased or decreased based on the Group's share of the associated company's profit after the time of acquisition. Dividends received from the associated company reduce the carrying amount of the investment. It may also be necessary to adjust the carrying amount to reflect changes in the associated company's equity.

If the Group's share in an associated company's losses equals or exceeds the carrying amount of the shares in the associated company, the carrying amount is reduced until it reaches zero. Further losses are recognised as a provision only to the extent that the owning company has a legal obligation or informal obligation to cover the losses, or if the owning company has made payments on behalf of the associated company. If the associated company reports a profit in the financial year to come, the owner company should only report its share of the profit when it exceeds the share of the losses that have not been reported by the owning company.

A share in the associated company's profit after tax is recognised as Profit from shares in associated companies" in the consolidated income statement.

Changes in shareholdings

If further shares are acquired in a company that is an associated company both before and after the acquisition, the shares that were owned before the acquisition are not revalued. If shares in an associated company are sold so that significant influence no longer exists, all shares are deemed sold and the profit or loss from the sale is recognised in the consolidated income statement. If any shares remain after the sale, they are recognised as per chapter 11 on financial instruments measured based on cost. The cost is the fair value at the time of selling.

Income

Income is recognised at the fair value of the payment that is or will be received, with deductions for value-added tax, discounts, returns and similar.

The Group's income primarily comprises lease income from leases; see also below under Leases. All income from leases, whether finance or operating, is recognised in net sales. For properties on a pure leasing basis, which are finance leases, net sales consist of the interest portion of the leasing fee.

Dividend and interest income

Dividend income is recognised when the owner's right to receive payment has been established.

Interest income is recognised over the interest term, applying the effective interest method. The effective interest is the interest that makes the present value of all future inward and outward payments during the fixed interest term equal to the carrying amount of the receivable.

Lease agreements

A finance lease is one in which the financial risks and benefits associated with owning an asset are in all essentials transferred from the lessor to the lessee. Other leases are classified as operating leases.

The Group as lessee

The Group only has operating leases where the Group is the lessee. Leasing fees for operating leases are recognised as expenses on a straight-line basis over the leasing period, unless another systematic approach better reflects the user's financial benefit over time.

The Group as lessor

On initial recognition, the lessor recognises a finance leasing contract as a receivable in the balance sheet. The recognised amount corresponds to the net investment in the leasing agreement. The net investment is equal to the leased object's fair value, as the agreement is entered into including any direct expenses that arise from entering into the agreement. The lessor distributes the financial income from a finance lease in such a way that an equal return is obtained in each period of the company's net investment.

Leasing income from operating leases is taken up as income on a straight line basis over the lease term, unless another systematic approach better reflects how the economic benefits attributable to the object decrease with time.

Foreign currency

The parent company's presentation currency is the Swedish krona (SEK).

Translation of items in foreign currency

On each closing day, monetary items in foreign currencies are translated at the exchange rate on the closing day. Non-monetary items, which are measured at historical cost in a foreign currency, are not translated. Exchange rate differences are recognised in operating profit/loss or as a financial item based on the underlying business event, in the period they arise, the exception being transactions comprising hedges which fulfil the conditions for hedge accounting of cash flows or net investments.

Net investments in foreign operations

A monetary item which is a receivable or liability in a foreign operation, where settlement is neither planned nor likely in the foreseeable future, is deemed to be a part of the Group's net investment in the foreign operation. Exchange rate differences relating to monetary items that are a part of the company's net investment in foreign operations and which are measured based on cost are recognised in the Group's translation reserve as equity. On divestment of a net investment in foreign operations, the exchange rate difference is recognised in the income statement.

Translation of subsidiaries and the foreign operations

When preparing the consolidated accounts, the assets and liabilities of foreign subsidiaries are translated into SEK at the closing day exchange rate. Income and expense items are translated at the average exchange rate for the period, unless the rate has fluctuated significantly during the period, whereby the rate on the transaction date is used. Any translation differences that arise are recognised in equity and transferred to the Group's translation reserve. On divestment of a foreign subsidiary, such translation differences are recognised in the income statement as part of the capital gain/loss.

Borrowing costs

Loan expenses relating to borrowed capital attributable to the purchase, design or production of an asset that takes considerable time to complete before it can be used or sold are included in the asset's cost, until such time as the asset is completed and ready for its intended use or sale.

Other loan expenses are recognised in the income statement in the period they arise.

Payments to employees

Remuneration to employees in the form of pay, bonuses, paid holiday, paid sick leave etc., as well as pensions, is recognised as it is earned. Pensions and other remuneration to employees after the end of employment are classified as defined contribution or defined benefit pension plans. In all essentials, the Group has defined contribution pension plans. There are no other forms of long-term remuneration to employees.

Defined-contribution plans

With defined contribution plans, the Group pays set fees to a separate, independent legal entity and has no obligation to pay further fees. The Group's accounts are expensed as the benefits are earned, which generally coincides with the time at which premiums are paid.

Income taxes

The tax expense is the total of current tax and deferred tax.

Current tax

Current tax is calculated from the taxable income for the period. Taxable income differs from the profit reported in the income statement, as it has been adjusted for non-taxable income and non-deductible expenses, and for income and expenses that are taxable or deductible in other periods. The Group's current tax liability is calculated based on the tax rates in force on the closing day.

Deferred tax

Deferred tax is recognised for temporary differences between the carrying amount of assets and liabilities in the financial statements, and the taxable value used when calculating the taxable income. Deferred tax is recognised using the balance sheet method. Deferred tax liabilities are recognised for virtually all taxable temporary differences, and deferred tax assets are recognised for virtually all deductible temporary differences to the extent that it is likely that the amounts can be used towards future taxable surpluses. Deferred tax liabilities and tax assets are not recognised if the temporary difference is attributable to goodwill.

Deferred tax liability is recognised for taxable temporary differences attributable to investments in subsidiaries, except in cases where the Group can control the time for reversing the temporary differences and it is not obvious that the temporary difference will be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed on each closing day and reduced to the extent that it is no longer likely that sufficient taxable income will be available for use, in whole or in part, towards the deferred tax asset.

The measurement of deferred tax is based on how the company, on the closing day, is expected to recover the carrying amount for the corresponding asset, or clear the carrying amount for the corresponding liability. Deferred tax is calculated based on the tax rates and tax rules that have been decided before the closing day.

Deferred tax assets and tax liabilities are offset when they refer to income tax charged by the same tax authority, and when the Group intends to settle the tax with a net amount.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when the tax is attributable to transactions recognised directly in equity. In such cases, the tax too should be recognised directly in equity. For current and deferred tax arising when recognising business combinations, the tax effect should be reported in the acquisition calculation.

Tangible fixed assets

Property, plant and equipment are recognised at cost less accumulated depreciation and any impairment.

The cost includes the purchase price, expenses directly related to bringing the asset to the location and into the condition required for it to be used, and estimated costs for dismantling and removal of the asset and restoration of its location. Additional expenses are only included in the asset or recognised as a separate asset when it is likely that future economic benefits associated with the item will be received by the Group, and that the cost of the asset can be measured in a reliable manner. All other costs for repairs and maintenance and additional expenses are recognised in the income statement for the period when they arise.

When the difference in consumption of a tangible asset's significant components is deemed considerable, the asset is divided up into its components.

The Group's expenses for investments in properties are paid in connection with tenant-related adjustments which are made when a new lease is signed or an existing one renegotiated. These investments are recognised in the balance sheet and are depreciated over the estimated useful life, which generally corresponds to the term of the lease agreement. The Group does not normally have any additional expenses for property management as the tenant is responsible for such expenses as per the lease agreement. For properties with external management agreements, expenses for these are deemed to be equal to ongoing repair and maintenance. The Group does not therefore normally have any further expenses regarding new components or component replacements during the term of the leases.

With the above in mind, the components in the properties owned by the Group are deemed in all essentials to have the same useful lives.

Depreciation of property, plant and equipment is expensed in such a way that the asset's value less its estimated residual value at the end of its useful life is depreciated over its estimated useful life. If an asset is divided into different components, each component is depreciated separately over its useful life. Depreciation begins when the tangible asset is brought into use.

The Group's investment property with associated plant and machinery, equipment, fixtures and fittings and for which option agreements have been entered into, is written down according to individual annuity plans to the agreed option price for each asset.

For other investment properties, depreciation is carried out according to individual annuity plans based on the value of the building. The annuity plans are adapted to the property in question and take account of the property's location, condition, lease term and other factors.

Alarm installation is depreciated on a straight line basis over 20 years. Other equipment, fixtures and fittings are subject to straight line depreciation over five years.

The useful life of land is infinite, so land is not depreciated.

Estimated useful lives and depreciation methods are reviewed if there is any indication that anticipated consumption has changed significantly compared to the estimate on the previous closing day. When the company changes its assessment of useful lives, any residual value of the asset is also reviewed. The effects of these changes are recognised prospectively.

Property, plant and equipment of minor value or which may be assumed to have an economic life of three years at most are recognised as a cost on initial recognition, provided the company can make the equivalent deduction according to the Swedish Income Tax Act.

Removal from the balance sheet

The carrying amount of a tangible asset is removed from the balance sheet in the event of scrapping or disposal, or when no future economic benefits are anticipated from the use or scrapping/disposal of the asset or component. The profit or loss arising when a tangible asset or component is removed from the balance sheet is the difference between what may be received, less deductions for direct selling costs, and the carrying amount of the asset. The capital gain or loss arising when a tangible asset or component is removed from the balance sheet is recognised in the income statement under other operating income or other operating expenses.

Impairment of non-current assets

On each closing day, the Group analyses the carrying amounts of tangible and intangible assets to establish whether there is any indication that the assets have decreased in value. If this is the case, an estimate is made of the asset's recoverable amount to establish the value of a potential impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount for the cash-generating unit to which the asset belongs.

The recoverable amount is either fair value less selling costs, or value in use, whichever is higher. Fair value less selling costs is the price the Group expects to be able to receive from a sale between knowledgeable, independent parties who have an interesting in seeing the transaction through, less any costs that are directly related to the sale. When calculating the value in use, the estimated future cash flow is discounted to present value with a discount rate before tax that reflects the current market valuation of the time value of money and the risks associated with the asset. To calculate the future cash flows, the Group has used a budget for the next five years.

If the recoverable amount of an asset (or cash-generating unit) is established to be a lower value than the carrying amount, the carrying amount of the asset (or cash-generating unit) is written down to the recoverable amount. An impairment is to be immediately expensed in the income statement.

On each closing day, the Group assesses whether the previous impairment is no longer justified. If this is the case, the impairment is reversed in part or in whole. When an impairment is reversed, the carrying amount of the asset (or cash-generating unit) increases. The carrying amount after reversal of an impairment may not exceed the carrying amount that would have been established had the asset (or cash-generating unit) not been written down in previous years. A reversal of an impairment is recognised directly in the income statement.

Financial Instruments

A financial asset or liability is recognised in the balance sheet when the Group becomes a party to the contractual terms of the instrument. A financial asset is derecognised from the balance sheet when the contractual right to the cash flow from the asset ceases or is settled, or when the Group loses control over it. A financial liability, or part of a financial liability, is derecognised from the balance sheet when the contractual obligation is fulfilled or ceases in some other way.

On initial recognition, current assets and current liabilities are measured at cost. Non-current receivables and non-current liabilities are measured at amortised cost on initial recognition. Loan expenses are distributed over a period of time as part of the loan's interest expense according to the effective interest method (see below).

After initial recognition, current assets are measured at the lower of cost and net selling price on the closing day. Current liabilities are measured at the nominal amount.

Non-current receivables and non-current liabilities are measured at amortised cost after initial recognition.

Amortised cost

Amortised cost refers to the amount at which the asset or liability is initially recognised with deductions for repayments, additions or deductions for accumulated distribution over a period of time according to the effective interest method of the initial difference between the paid/received amount, and the amount to pay/receive on the due date, and with deductions for impairments.

The effective interest is the interest which, when discounting all future anticipated cash flows over the anticipated term, results in the initial carrying amount for the financial asset or financial liability.

Derivative instruments

The Group enters into derivative transactions with the aim of managing currency, interest and inflation risks. Derivative instruments are recognised at the lower of cost and net selling price. Derivative instruments with a negative value which are not hedging instruments when applying hedge accounting (see below) are measured at the amount which is most favourable for the company if the obligation is settled or transferred on the closing day.

Hedge accounting

The Group applies hedge accounting. The hedged item is not reassessed if there is an opposite change in value in the hedging instrument. Premiums paid or received when the hedging instrument is acquired are to be distributed over the term of the hedging instrument.

The Group has interest swaps to hedge the interest risk associated with leases that have a fixed interest rate or a fixed rent in a particular currency. Paid and received interest on hedging instruments in the same period as the interest on the hedged item is recognised.

The Group uses currency futures and loans in foreign currencies to hedge net investments in foreign currency. The hedging instrument and the hedged item are recognised at the closing day rate in the consolidated accounts. The effective portion of the reassessments is recognised directly in equity. The remainder is recognised in the income statement.

To hedge the inflation risk in the rental income, the Group has CPI swaps. Paid and received index adjustments on hedging instruments are recognised in the same period that the index adjustment on the hedged item is recognised.

Impairment on financial assets

On each closing day, the Group assesses whether there is any indication that one or more financial assets have decreased in value. Such indications might for example be significant financial difficulties on the counterparty's part, breach of agreement, or a likelihood that the counterparty will go bankrupt.

The impairment is calculated as the difference between the asset's carrying amount and the higher of fair value less selling costs and the present value of the company management's best opinion of the future cash flows the asset is expected to bring.

Liquid funds

Cash and cash equivalents include cash on hand and demand deposits with banks and other credit institutions, as well as other short-term liquid investments that can readily be converted into cash and are subject to an insignificant risk of fluctuation in value. To be classified as cash and cash equivalents, the term may not exceed three months from the time of the acquisition.

Provisions

Provisions are recognised when the Group has an existing obligation (legal or informal) as a result of an event which has taken place, it is probable that an outflow of resources will be necessary to settle the commitment, and the amount can be estimated in a reliable way.

A provision is reassessed on each closing day and adjusted so that it reflects the best approximation of the amount required to settle the existing commitment on the closing day, taking account of risks and uncertainties associated with the commitment. When a provision is calculated by estimating the payments that are expected to be necessary to settle the commitment, the carrying amount corresponds to the present value of these payments.

Where a part or the whole of the amount needed to settle a provision is expected to be paid by a third party, this compensation is to be reported separately as an asset in the consolidated balance sheet when it is as good as certain that it will be received if the company settles the commitment and the amount can be calculated in a reliable way.

Contingent liabilities

A contingent liability is a possible commitment arising from events that have taken place, and the existence of which will only be confirmed by one or more uncertain future events, that are not entirely within the company's control, occurring or failing to occur, or an existing commitment arising from events that have taken place, but which is not recognised as a liability or provision since it is not likely that an outflow of resources will be required to settle the commitment, or the scale of the commitment cannot be calculated with sufficient reliability. Contingent liabilities are recognised as memorandum items in the balance sheet.

Contingent assets

A contingent asset is a possible asset arising from events that have taken place, and the existence of which will only be confirmed by one or more uncertain future events, that are not entirely within the company's control, occurring or failing to occur. A contingent asset is not recognised as an asset in the balance sheet.

Cash flow statement

The cash flow statement shows the Group's changes in cash and cash equivalents during the financial year. The cash flow statement has been prepared using the indirect method. The recognised cash flow only includes transactions that have involved disbursements or receipts of cash.

Accounting principles for the parent company

The differences between the parent company's and the Group's accounting principles are described below:

Subsidiaries

Shares in subsidiaries are recognised at cost. Dividends from subsidiaries are recognised as income when the right to receive a dividend is deemed certain and can be calculated in a reliable way.

Shares in associated companies

Shares in associated companies are recognised at cost less any impairment. Dividends from shares in associated companies are recognised as income in the income statement.

Group contribution

Group contributions received and paid are recognised as appropriations in the income statement.

Hedge accounting

In cases where external interest-bearing liabilities in a currency other than SEK are used to hedge the currency risk in investments in subsidiaries, the liabilities are recognised at the exchange rate on the day the hedge was taken out.

Tax

In the parent company, untaxed reserves are recognised inclusive of deferred tax liability. In the consolidated accounts, however, untaxed reserves are divided into deferred tax liability and equity.

Note 3 Significant estimates and assessments

Important sources of uncertainty in the estimates

Below is a description of the most important assumptions regarding the future, and other important sources of uncertainty in estimates on the closing day, which entail a significant risk of considerable adjustments in carrying amounts for assets and liabilities over the next financial year.

The company management assesses the useful life of property, plant and equipment at each report occasion based on condition, the lease term and any options that are in place. Changes in useful lives affect the figures in the form of altered depreciation in subsequent periods.

Important assessments in the application of the group's accounting principles

The following section outlines the most important assessments, apart from those that include estimates (see above), which the company management has made when applying the Group's accounting principles and which have the greatest impact on the amounts provided in the financial statements.

The company continuously monitors the situation to ensure that the non-current assets do not have a book value that exceeds the recoverable amount. Assessing the recoverable amount requires assumptions and estimates to be made about the future. Should the actual outcome deviate from the assessed amounts, this could lead to an impairment of the book values.

Note 4 Derivatives and financial instruments

The Group has derivative contracts in the form of interest swaps, currency futures and CPI swaps.

Currency risk

Currency risk refers to the risk that the fair value or future cash flows fluctuate as a result of altered exchange rates. The Group has operations on several geographical markets and in several currencies, and is therefore exposed to currency risk. Exposure to currency risks originates partly in payment flows in foreign currencies (transaction exposure), translation of balance sheet items in foreign currencies (currency exposure), and when translating the income statements and balance sheets of foreign subsidiaries to the Group's presentation currency, which is the Swedish krona or SEK (translation exposure).

The Group's in and outflows primarily consist of SEK and EUR. The Group is therefore affected by fluctuations in these currencies' exchange rates to a limited extent. The Group does not hedge cash flows in foreign currencies.

The balance exposure primarily relates to EUR and NOK. The currency exposure in the balance sheet is not hedged. However, parts of the exposure below comprise hedging instruments. The Group's and the parent company's balance exposure is outlined below:

	Group		*Parent company*	
Currency	**2016-12-31**	**2015-12-31**	**2016-12-31**	**2015-12-31**
KEUR	1,198	1,576	1,179	1,520
KNOK	3,782	5,760	5,260	7,249
KDKK	457	0	5,621	0

Koncernens innehav i utländska verksamheter innebär att nettotillgångarna exponeras för valutarisker. Valutaexponeringen för nettoinvesteringar i utländsk valuta hanteras dels genom upplåning, dels genom tecknande av terminskontrakt i samma valuta som nettoinvesteringarna. Dessa instrument är identifierade som säkring av nettoinvesteringar. Nedan framgår koncernens omräkningsexponering:

	Group	
Currency	**2016-12-31**	**2015-12-31**
KEUR	132,792	225,386
KNOK	434,349	400,926
KDKK	108,184	455

The external loans used to hedge net assets in NOK amount to 356,589 KNOK (361,177) on the closing day. The internal loans used to hedge net assets in EUR amount to KEUR 0 (99,318) on the closing day. The internal loans used to hedge net assets in DKK amount to 87,108 KDKK (35,108) on the closing day. The Group's holding of currency futures used to hedge net assets in EUR amount to 131,613 KEUR (124,548) on the closing day. The Group's holding of currency futures used to hedge net assets in NOK amount to KNOK 72,500 (32,500) on the closing day. The Group's holding of currency futures used to hedge net assets in DKK amount to 15,000 KDKK (0) on the closing day.

Interest rate risk

Interest risk refers to the risk that the fair value or future cash flows will fluctuate as a result of altered market rates of interest. The Group is primarily exposed to interest risk through its rental income for finance leases. Some of the leases are subject to variable interest while others have fixed interest. The latter include both fixed interest and fixed rent in the respective currency (SEK, EUR and NOK).

For leases with variable interest the Group has variable financing, which means an economic hedge where the interest risk in the rent matches the interest risk in the variable borrowing.

For leases with either fixed interest or fixed rent in the respective currency, the Group has an interest risk and has therefore entered into interest swap agreements. On the closing day the Group had interest swap agreements with a nominal amount of 80,113 KSEK (82,795) and 51,527 KEUR (53,358). Hedge accounting is applied. The Group is also affected by altered market rates of interest as a result of the derivative instruments held to hedge the currency exposure (see above).

CPI or Inflation risk

CPI or inflation risk refers to the risk that future cash flows will fluctuate as the result of an altered CPI. Some of the lease agreements contain CPI clauses, which means the level of rent is calculated based on the CPI index. To hedge this risk the Group has entered into CPI swaps, which means the Group swaps variable CPI for fixed CPI. On the closing day the Group had CPI swap agreements with a nominal amount of 46,885 KSEK (67,576) and 17,368 KEUR (17,368). Hedge accounting is applied.

Liquidity risk

Liquidity risk refers to the risk that the Group has problems meeting its commitments relating to its financial liabilities. Since the parent company is part of The Royal Bank of Scotland, of which the British government is the majority owner, the liquidity risk is not deemed to be significant.

Credit risk

Credit risk refers to the risk that the counterparty in a transaction causes the Group a loss by not fulfilling its contractual obligations. The Group's exposure to credit risk can primarily be attributed to accounts receivable and positive derivatives.

The Group's and parent company's maximum exposure to credit risk is deemed to equate to the carrying amounts of all financial assets.

The maximum credit risk amounts to 131,714 KSEK (225,562) for the Group and 41,990 KSEK (117,917) for the parent company.

Fair value of derivatives

Fair value of derivatives identified as hedging instruments

	Group		*Parent company*	
	2016-12-31	**2015-12-31**	**2016-12-31**	**2015-12-31**
Currency futures	24,133	18,189	–	–
Hedging of net investmentsr				
Interest swaps	-189,011	-175,202	–	–
Hedging of interest risk				
CPI swaps	-49,305	-59,381	–	–
Hedging of inflation risk				
Total	**-214,183**	**-216,394**	**–**	**–**

Fair value of derivatives not held as hedging instruments

	Group		*Parent company*	
	2016-12-31	**2015-12-31**	**2016-12-31**	**2015-12-31**
Currency futures	–	795	–	–
Interest swaps	–	–	-24,017	-20,672
CPI swaps	–	–	-13,639	-17,027
Total	**–**	**795**	**-37,656**	**-37,699**

Note 5 Distribution of net sales

	Group		*Parent company*	
Net sales by geographical market	**2016**	**2015**	**2016**	**2015**
Sweden	331,481	457,632	9,368	10,801
Norway	62,446	63,441	–	–
Finland	428,469	427,070	–	–
Denmark	50,318	–	–	–
Total	**872,714**	**948,143**	**9,368**	**10,801**

Gross profit by type of management

Group 2016

	Lease agreements	**Management agreement**	**Total**
Net sales, operational agreements	797,003	10,276	807,279
Net sales, financial agreements	36,412	29,023	65,435
Total	**833,415**	**39,299**	**872,714**
Property and operating expenses	-84,294	-2,440	-86,734
Operating surplus	**749,121**	**36,859**	**785,980**
Depreciation/ amortisation	-240,317	-1,332	-241,649
Gross profit	**508,804**	**35,527**	**544,331**

Group 2015

	Lease agreements	**Management agreement**	**Total**
Net sales, operational agreements	865,506	10,087	875,593
Net sales, financial agreements	39,878	32,672	72,550
Total	**905,384**	**42,759**	**948,143**
Property and operating expenses	-95,969	-2,275	-98,244
Operating surplus	**809,415**	**40,484**	**849,899**
Depreciation/ amortisation	-255,997	-1,301	-257,298
Gross profit	**553,418**	**39,183**	**592,601**

Note 6 Purchases and sales within the same Group

	Group		*Parent company*	
	2016	**2015**	**2016**	**2015**
Inköp	19,3 %	18,5 %	10,8 %	17,9 %
Försäljning	1,0 %	1,2 %	93,5 %	91,7 %

Note 7 Information on payments to auditors

	Group		*Parent company*	
	2016	**2015**	**2016**	**2015**
Ernst & Young AB				
Audit assignment	2,420	–	1,668	–
Other services	152	–	–	–
Deloitte AB				
Audit assignment	120	2,007	-64	1,115
Other services	347	194	–	194
Total	**3,039**	**2,201**	**1,604**	**1,309**

Audit assignment refers to the auditor's remuneration for the statutory audit. This includes auditing the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and CEO, as well as fees for audit advice provided in connection with the audit engagement.

Audit services in addition to audit engagement refer to other quality assurance services that are to be performed in accordance with statutes, the company's articles of association, regulations or agreements.

Other services refer to expenses not classified as audit engagement, audit services in addition to audit engagement or tax advice.

Note 8 Number of employees, salaries, other remuneration and social insurance costs

	2016		2015	
Average number of employees	**No. employees**	**Of whom men**	**No. employees**	**Of whom men**
Parent company				
Sweden	14	7	15	7
Total in parent company	**14**	**7**	**15**	**7**
Subsidiaries				
Finland	3	1	4	3
Total in subsidiaries	**3**	**1**	**4**	**3**
Total in Group				
Totalt i koncernen	**17**	**8**	**19**	**10**

	Group		Parent company	
	2016-12-31	**2015-12-31**	**2016-12-31**	**2015-12-31**
Gender distribution of senior executives on the closing day				
Women:				
Other persons in the company's management incl. CEO	1	2	2	2
Men:				
Board members	4	3	3	3
Other persons in the company's management incl. CEO	3	3	3	3
Total	**8**	**8**	**8**	**8**

The Nordisk Renting group acquires, under an agreement, services such as in management, finance, marketing, business communications and HR from The Royal Bank of Scotland Plc in the Nordic region. The acquired services equate to around 5 man-years. Three of the persons that provided services (including the CEO) form part of the company's management team.

	2016		2015	
Salaries, other remuneration etc.	**Salaries and other remu-neration**	**Payroll overheads (of which pension costs)**	**Salaries and other payments**	**Payroll overheads (of which pension costs)**
Parent company	17,418	8,512	14,050	9,957
		(2,948)		(4,564)
Subsidiaries	1,763	580	2,079	543
		(562)		(482)
Total in Group	**19,181**	**9,092**	**16,129**	**10,500**
		(3,510)		**(5,046)**

	2016		2015	
Salaries and other remuneration distributed among Boardmembers and employees	**Board of Directors and CEO (of which bonuses and similar)**	**Other employees**	**Board of Directors and CEO (of which bonuses and similar)**	**Other employees**
Parent company	825	16,593	2,493	11,557
	(0)	(1,987)	(834)	(530)
Subsidiaries	–	1,763	–	2,079
Total in Group	**825**	**18,356**	**2,493**	**13,636**
	(0)	**(1,987)**	**(834)**	**(530)**

Salaries and other remuneration	**Salaries and remunera-tion**	**Of which bonuses**	**Social security contribu-tions**	**Of which pension security contributions**
Board of Directors	825	–	172	–

The CEO is an employee of The Royal Bank of Scotland plc UK, Nordic filial (RBS filial). The company makes a payment of 4,420 KSEK to RBS filial under an agreement relating to the CEO's services.

Pensions

The Group's cost for defined contribution pension plans amounts to 3,318 KSEK (4,884). The parent company's cost for defined contribution pension plans amounts to 2,948 KSEK (4,564). The Group's cost for defined benefit pension plans amounts to KSEK 192 (162). The parent company's cost for defined benefit pension plans amounts to KSEK 0 (0).

KSEK 0 (670) of the Group's and parent company's pension costs pertains to the CEO. Pension costs for the Board of Directors amount to KSEK 0 (0).

Agreement on severance pay

There is a mutual notice period between the company and other senior executives of 3-6 months. There is no agreement regarding severance pay.

Note 9 Depreciation and impairment of tangible fixed assets

	Group		Parent company	
	2016	**2015**	**2016**	**2015**
Property and operating expenses	241,649	257,298	–	–
Business and marketing expenses	230	241	218	228
Administrative expenses	248	243	236	231
Total	**242,127**	**257,782**	**453**	**459**

Note 10 Profit from sale of property and shares

	Group		Parent company	
	2016	**2015**	**2016**	**2015**
Sale of shares in Group companies	6,158	55,679	–	46,243
Total	**6,158**	**55,679**	**–**	**46,243**

Note 11 Profit from other securities and receivables held as fixed assets

	Group		Parent company	
	2016	**2015**	**2016**	**2015**
Dividend	–	–	1,324,421	252,594
Reversal of impairments	5,000	79,129	–	–
Total	**5,000**	**79,129**	**1,324,421**	**252,594**

Note 12 Other interest income and similar income

	Group		Parent company	
	2016	2015	2016	2015
Interest income	483	305	131	65
Interest income, Group companies	9,551	422	80,871	76,711
Other financial income	–	–	2,537	9,872
Exchange rate differences	1,296	144	148,889	111,858
Total	**11,330**	**871**	**232,428**	**198,506**

Note 13 Interest expenses and similar expenses

	Group		Parent company	
	2016	2015	2016	2015
Interest expenses	-7,660	-25,115	-3,798	-2,224
Interest expenses, Group companies	-270,368	-286,747	-71,509	-90,666
Other financial expenses	-4,042	-4,121	-4,230	-4,953
Exchange rate differences	–	-2,784	-115,571	-78,613
Total	**-282,070**	**-318,767**	**-195,108**	**-176,456**

Note 14 Tax on profit for the year

	Group		Parent company	
	2016	2015	2016	2015
Current tax	-67,022	-38,917	-17,710	-27,804
Deferred tax	66,220	28,460	-1,252	5,233
Tax on profit for the year	**-802**	**-10,457**	**-18,962**	**-22,571**

Reconciliation of the year's tax expense

	Group		Parent company	
	2016	2015	2016	2015
Recognised profit before tax	235,808	152,604	1,408,056	389,570
Tax according to tax rate for the parent company (22%)	-51,878	-33,573	-309,773	-85,706
Effect of other tax rates in foreign subsidiaries	244	-2,192		–
Non-deductible expenses	133	-876	-430	-451
Non-taxable income	2,503	357	291,418	55,588
Temporary differences	-12,394	27,121	2,191	7,997
Temporary differences from change in tax rate	–	68	–	–
Other	60,002	-4,417	-1,407	–
Total	**-1,390**	**-13,512**	**-18,001**	**-22,572**
Adjustments recognised in the current year referring to current tax in previous year	588	3,055	-961	1
Recognised tax expense for the year	**-802**	**-10,457**	**-18,962**	**-22,571**

Note 15 Investment properties

Group 2016

	Land and buildings	Construction in progress	Plant and machinery	Equipment, fixtures and fittings	Total
Opening balance acquisition cost	11,840,769	–	386,046	257,316	12,484,131
Adjusted opening balance	19,513	–	2,544	–	22,057
Purchases	388,448	67,352	131,269	–	587,069
Translation differences for the year	333,091	764	20,085	997	354,937
Closing accumulated cost	**12,397,191**	**68,116**	**539,944**	**258,313**	**13,263,564**
Opening balance depreciation/amortisation	-1,616,100	–	-205,793	-50,488	-1,872,381
Adjusted opening balance	-18,507		-3,160	–	-21,667
Purchases	–	–	–	–	0
Depreciation/amortisation according to plan for the year	-203,088	–	-8,588	-4,745	-216,401
Depreciation/amortisation surplus	-27,485	–	–	–	-27,485
Translation differences for the year	-38,198	–	-8,975	-997	-48,170
Closing accumulated depreciation	**-1,855,523**	**–**	**-226,496**	**-56,230**	**-2,138,249**
Opening balance impairments	-219,573	–	–	–	-219,573
Reversed impairments	5,000	–	–	–	5,000
Translation differences for the year	-1,852	–	–	–	-1,852
Closing accumulated impairments	**-216,425**	**–**	**–**	**–**	**-216,425**
Closing planned residual value	**10,325,243**	**68,116**	**313,448**	**202,083**	**10,908,890**
Of which cost for land	**1,260,905**				
Tax assessment values, land and buildings (in Sweden)	1,840,110				
of which land	433,968				

Group 2015

	Land and buildings	Construction in progress	Plant and machinery	Equipment, fixtures and fittings	Total
Opening balance acquisition cost	13,282,790	225	393,868	350,428	14,027,311
Purchases	93,608	9,439	10,660	-92,227	21,480
Sales/disposals	-1,332,230	-	-7,019	-	-1,339 249
Construction now in use	9,664	-9,664	-	-	-
Translation differences for the year	-213,063	-	-11,463	-885	-225,411
Closing accumulated cost	**11,840,769**	**-**	**386,046**	**257,316**	**12,484,131**
Opening balance depreciation/amortisation	-1,717,541	–	-202,446	-130,124	-2,050,111
Sales/disposals	317,897	–	2,264	87,628	407,789
Depreciation/amortisation according to plan for the year	-215,776	–	-10,252	-8,876	-234,904
Translation differences for the year	22,648	–	4,641	884	28,173
Closing accumulated depreciation	**-1,616,100**	**–**	**-205,793**	**-50,488**	**-1,872,381**
			-	-	-
Opening balance impairments	-	–	–	–	-
Sales/disposals	-300,345	–	–	–	-300,345
Reversed impairments	79,129	–	–	–	79,129
Impairments for the year	-	–	–	–	-
Translation differences for the year	-	–	–	–	-
Closing accumulated impairments	**1,643**	**–**	**–**	**–**	**1,643**
Closing planned residual value	**-219,573**	**–**	**–**		**-219,573**
	10,005,096		**180,253**	**206,828**	**10,392,177**
Of which cost for land	**1,366,605**				
Tax assessment values, land and buildings (in Sweden)	2,199,765				
of which land	482,236				

For investment properties corresponding to a book value of 3,292 MSEK (4,736), agreements were drawn up for future pre-emptions or purchase options. The average remaining term of lease to the next option or pre-emption point was 4.0 (4.2) years.

The fair value for all investment properties amounts to 11,724 MSEK (11,158). An independent valuation of all properties has been carried out by Cushman & Wakefield. The valuation has been performed in a uniform way and based on a cash flow model. The value of property holdings is calculated as the total present value of the operating surplus plus the present value of the assessed residual value. The residual value comprises the total present value of the operating surplus for the remaining economic life. In addition there is the assessed market value of undeveloped land and building rights. The starting point for the valuation has been an individual assessment for each property of both the future earning capacity and the market's return requirements.

The following significant assumptions have been used:

Assumptions about return requirements

The residual value is discounted by return on total capital less growth equating to inflation with the aim of not assuming perpetual real growth. To gain an idea of the market's return requirements, the company tracks completed property transactions on the market. If there are no transactions in a particular location or for a particular property type, comparison information is instead obtained from a similar location or property type.

During the year the Group set up loan expenses as an asset under cost.

Note 16 Stock

	Group		*Parent company*	
	2016-12-31	**2015-12-31**	**2016-12-31**	**2015-12-31**
Opening balance acquisition cost	5,523	5,929	3,926	4,296
Purchases	110	199	59	199
Sales/disposals	-33	-569	-34	-569
Translation difference	68	-36	–	-
Closing accumulated cost	**5,668**	**5523**	**3,951**	**3926**
Opening balance depreciation/amortisation according to plan	-3,332	-3,197	-1,834	-1,692
Sales/disposals	30	317	30	317
Depreciation/amortisation according to plan for the year	-478	-484	-453	-459
Translation difference	-62	32	–	-
Closing accumulated depreciation according to plan	**-3,842**	**-3,332**	**-2,257**	**-1,834**
Closing planned residual value	**1,826**	**2,191**	**1,694**	**2,092**

Note 17 Participations in associated companies

	Group		Parent company [2]	
	2016-12-31	2015-12-31	2016-12-31	2015-12-31
Opening carrying amount	249,527	351,447	220,000	220,000
Reclassification of associated companies to participations in group companies	-172,289	-	-172,289	-
Impairments	–	–	-47,711	-
Profit shares in associated companies[1]	7,580	28,816	–	-
Dividends	-100,000	-120,000	–	-
Translation differences	15,182	-10,736	–	-
Closing carrying amount	**–**	**249,527**	**–**	**220,000**

[1] Participation in the associated company's profit after tax.
[2] During the financial year the parent company received dividends from associated companies amounting to 100,000 KSEK (120,000). These have been recognised as income in the income statement.

Parent company

				Book value	
Company name	Portion of equity	Voting right participations	No. of shares	2016-12-31	2015-12-31
Airside Properties AB	50 %	50 %	500	–	249,527
Total				**–**	**249,527**

			Share in profits [1]	
Company name	Reg. no.	Registered office	2016	2015
Airside Properties AB	556597-6965	Stockholm	7,580	28,816
			7,580	**28,816**

Parent company

				Book value	
Company name	Portion of equity	Voting right participations	No. of shares	2016-12-31	2015-12-31
Airside Properties AB	50 %	50 %	500	–	220,000
Total				**–**	**220,000**

Company name	Reg. no.	Registered office
Airside Properties AB	556597-6965	Stockholm

Not 18 Deferred tax asset and deferred tax liability

	Group		Parent company	
	2016-12-31	2015-12-31	2016-12-31	2015-12-31
Deferred tax asset				
Option premiums	55	134	55	62
Derivatives	–	-	–	1,240
Other provisions	1,427	1,417	–	-
Total deferred tax asset	**1,482**	**1,551**	**55**	**1,302**
Deferred tax liability				
Properties	85,851	90,544	25,888	26,617
Equipment	50,768	46,128	18,984	17,019
Tax allocation reserve	–	65,890	–	-
Derivatives	5,402	4,001	1,427	2,658
Total deferred tax liability	**142,021**	**206,563**	**46,299**	**46,294**

The tax rate for calculating deferred tax is 22% (22) for Sweden, 20% (20) for Finland, 25% (25) for Norway and 22% (22) for Denmark.

The deferred tax liability relating to properties at the parent company means directly owned partnerships and limited partnerships.

Note 19 Leasing agreements

Operating leases – lessee

The Group is a lessee through operating leases regarding office premises. Leasing fees expensed during the year for operating leases total KSEK 8,990 (9,426) in the Group and KSEK 8,001 (8,449) in the parent company. Future minimum fees regarding non-terminable operating leases fall due as follows:

	Group		Parent company	
Due date:	2016	2015	2016	2015
Within one year	5,039	6,458	4,297	5,725
Later than one year but within five years	11,406	16,445	11,406	16,445
Total	**16,445**	**22,903**	**15,703**	**22,170**

Operating leases – lessor

The Group is a lessor through operating leases regarding properties. Variable fees primarily relate to the variable interest component in the leasing fee and invoiced ongoing costs. Variable fees included in income for the financial year total KSEK 87,542 (89,795) in the Group. The total variable income for agreements with variable components, i.e. not only the change compared to the size of these components when entering into the lease, has been recognised in profit for the year. This is because Nordisk Renting's hedging strategy means that such a disclosure is not considered to be of material importance. Information about the applied hedging strategy can be found in Note 4. See Note 15 for changes to book value. Future minimum fees regarding non-terminable operating leases fall due as follows:

	Group	
Due date:	2016	2015
Within one year	1,185,136	675,773
Later than one year but within five years	6,109,126	6,364,855
In over 5 years	3,076,767	1,908,538
Total	**10,371,029**	**8,949,166**

The company has based these data on the situation at the end of 2016.

Finance leases – lessor

The Group is a lessor through finance leases regarding properties. The lease terms vary from 1 to 26 years. Variable fees primarily relate to the variable interest component in the leasing fee and invoiced ongoing costs. Variable fees included in income for the year for 2014 amount to KSEK 19,629 (29,663) in the Group. The total variable income for agreements with variable components, i.e. not only the change compared to the size of these components when entering into the lease, has been recognised in profit for the year. This is because Nordisk Renting's hedging strategy means that such a disclosure is not considered to be of material importance. Information about the applied hedging strategy can be found in Note 4.

	Group	
	2016-12-31	**2015-12-31**
Unearned financial income	189,187	248,642
Non-guaranteed residual value	163,735	263,115
Long-term portion	853,098	1,092,073
Current portion	48,078	65,209
Total	**901,176**	**1,157,282**

The company has based these data on the situation at the end of 2016.

Book values for financial leasing agreements

	Group	
	2016-12-31	**2015-12-31**
Opening balance acquisition cost	1,494,619	1,865,055
Purchases	333,899	23,655
Sales/disposals	–	-313,821
Repayments for the year	-89,865	-64,181
Construction now in use	-40,392	-
Translation differences	30,301	-16,089
Total	**1,728,562**	**1,494,619**

Note 20 Prepaid expenses and accrued income

	Group		Parent company	
	2016-12-31	**2015-12-31**	**2016-12-31**	**2015-12-31**
Accrued interest income	24,133	18,189	–	-
Prepaid operating costs	15,295	24,082	2,384	3,294
Other items	–	63	8	-
Total	**39,428**	**42,334**	**2,392**	**3,294**

Note 21 Non-current liabilities

	Group		Parent company	
	2016-12-31	**2015-12-31**	**2016-12-31**	**2015-12-31**
Non-current liabilities that fall due for payment within five years from the closing day:				
Liabilities to credit institutions	–	-	–	-
Liabilities to Group companies	5,577,705	3,536,807	2,457,345	1,230,210
Liabilities to associated companies	–	-	–	-
Other liabilities	157	157	157	157
Non-current liabilities which fall due for payment later than five years after the closing day:				
Liabilities to credit institutions	–	1,006,583	–	-
Liabilities to Group companies	3,604,826	3,008,636	1,118,397	2,147,741
Other liabilities	15,062	15,093	62	94
Total	**9,197,750**	**7,567,276**	**3,575,961**	**3,378,202**

The Group's utilised bank overdraft facilities amount to KSEK 0 (0) and are included under Liabilities to credit institutions. The limit for the bank overdraft facilities amounts to 491,345 KSEK (488,059).

The parent company's utilised bank overdraft facilities amount to KSEK 0 (0) and are included under Liabilities to credit institutions. The limit for the bank overdraft facilities amounts to 491,345 KSEK (488,059).

Note 22 Accrued expenses and prepaid income

	Group		Parent company	
	2016-12-31	**2015-12-31**	**2016-12-31**	**2015-12-31**
Accrued salary	1,739	1,002	1,739	1,002
Accrued holiday pay	1,511	1,825	1,309	1,406
Accrued payroll overheads	1,285	1,567	1,275	1,471
Accrued interest expenses	54,036	55,942	14,192	17,156
Prepaid rental income	203,824	175,701	–	-
Other items	8,745	15,855	2,798	1,664
Total	**271,140**	**251,892**	**21,313**	**22,699**

Note 23 Appropriations

	Parent company	
	2016	**2015**
Group contributions received	98,000	118,400
Group contributions paid	-293,000	-225,000
Change in tax allocation reserve	299,500	66,802
Total	**104,500**	**-39,798**

Note 24 Participations in group companies

	Parent company	
	2016-12-31	**2015-12-31**
Opening balance acquisition cost	2,583,216	2,583,216
Acquisitions during the year	344,396	-
Closing cost	**2,927,612**	**2,583,216**

				Book value	
Company name	**Portion of equity**	**Share of voting power**	**No. of shares**	**2016-12-31**	**2015-12-31**
IR IndustriRenting AB	100 %	100 %	400,000	2,822	2,822
Nordisk Specialinvest AB	100 %	100 %	5,060	838	838
Nordisk Renting HB	100 %	100 %		–	-
Nordisk Renting Kapital AB	100 %	100 %	1,000	249	249
Nordisk Renting A/S	100 %	100 %	5	520	520
Nordisk Renting Oy	100 %	100 %	10,000	950,340	950,340
Nordisk Renting AS	100 %	100 %	1,000	399,600	399,600
Svenskt Fastighetskapital Holding AB	100 %	100 %	100	100	100
Nordisk Renting Facilities Management AB	100 %	100 %	1,000	100	100
Nordiska Strategifastigheter Holding AB	100 %	100 %	1,000	940,214	940,214
Bil Fastigheter i Sverige AB	100 %	100 %	2,000	250,378	250,378
Mons Investment AB	100 %	100 %	10,000	7,558	7,558
Airside Properties AB	100 %	100 %	1,000	344,396	-
Förv bol Predio 3 KB	100 %	100 %		–	-
Forskningshöjden KB	100 %	100 %		7,500	7,500
Optimus KB	100 %	100 %		1,000	1,000
Eurohill 4 KB	100 %	100 %		20,996	20,996
KB Eurohill	100 %	100 %		–	-
Bong Fastigheter KB	100 %	100 %		1,000	1,000
Lerumskrysset KB	100 %	100 %		–	-
Braheberget KB	100 %	100 %		–	-
Brödmagasinet KB	100 %	100 %		–	-
Läkten 1 KB	100 %	100 %		–	-
Tingsbrogården KB	100 %	100 %		–	-
Stora Kvarnen KB	100 %	100 %		1	1
Total				**2,927,612**	**2,583,216**

Company name	**Reg. no.**	**Registered office**
IR IndustriRenting AB	556288-4428	Stockholm
Nordisk Specialinvest AB	556100-8631	Stockholm
Nordisk Renting HB	916631-9559	Stockholm
Nordisk Renting Kapital AB	556548-0802	Stockholm
Nordisk Renting A/S	15129573	Copenhagen
Nordisk Renting Oy	745445	Helsinki
Nordisk Renting AS	986 953 388	Oslo
Svenskt Fastighetskapital Holding AB	556590-7291	Stockholm
Nordisk Renting Facilities Management AB	556632-9925	Stockholm
Nordisk Strategifastigheter Holding AB	556641-0055	Stockholm
Bil Fastigheter i Sverige AB	556486-9278	Stockholm
Mons Investment AB	556527-4106	Stockholm
Airside Properties AB	556597-6965	Stockholm
Förv bol Predio 3 KB	916624-2173	Stockholm
Forskningshöjden KB	916620-1393	Stockholm
Optimus KB	916620-1450	Stockholm
Eurohill 4 KB	916533-7636	Stockholm
KB Eurohill	969622-6381	Stockholm
Bong Fastigheter KB	969655-5763	Stockholm
Lerumskrysset KB	969646-1939	Stockholm
Braheberget KB	969655-6738	Stockholm
Brödmagasinet KB	916620-1419	Stockholm
Läkten 1 KB	969694-5568	Stockholm
Tingsbrogården KB	969694-5394	Stockholm
Stora Kvarnen KB	969729-1822	Stockholm

Note 25 Untaxed reserves

	Parent company	
	2016-12-31	**2015-12-31**
Tax allocation reserve Tax 12	–	82,500
Tax allocation reserve Tax 13	–	63,000
Tax allocation reserve Tax 14	–	54,000
Tax allocation reserve, financial year 2014	–	70,000
Tax allocation reserve, financial year 2015	–	30,000
Total	**–**	**299,500**

Note 26 Information on related parties

Strand European Holdings AB, registered office Stockholm, owned 100 per cent of the shares in Nordisk Renting AB at the beginning of 2016. Strand European Holdings AB is a wholly-owned subsidiary of The Royal Bank of Scotland Plc. Interest expenses relating to finance from The Royal Bank of Scotland amounted to 270 MSEK (286) during the year. The debt to The Royal Bank of Scotland amounted to 9,183 MSEK (6,545) on 31/12/2016.

Transactions between the company and its related parties have taken place on market terms.

See Note 26 Memorandum items for information about pledged assets and contingent liabilities. There is further information about the parent company's holdings in subsidiaries in Note 24 and associated companies in Note 17.

Note 27 Memorandum items

	Group		*Parent company*	
Pledged assets	**2016-12-31**	**2015-12-31**	**2016-12-31**	**2015-12-31**
Real estate mortgages	3,423	1,309,321	–	–
Total	**3,423**	**1,309,321**	**–**	**–**

	Group		*Parent company*	
Contingent liabilities	**2016-12-31**	**2015-12-31**	**2016-12-31**	**2015-12-31**
Liabilities in subsidiary partnerships	–	–	37,604	32,794
Total	**–**	**–**	**37,604**	**32,794**

2016 relates to the pledge of lease agreement land. In 2015, the Group placed assets in subsidiaries as security for loans from credit institutions as well as pledging lease agreement land.

The parent company is responsible for its subsidiary partnerships' external liabilities in line with corporate agreements.

Note 28 Significant events after the end of the financial year

Two Swedish limited partnerships in the group have been sold as of 31 January 2017, one in accordance with an options contract. A property in Linköping was also sold on 31 January.

A new agreement relating to letting at an existing property on Gotland was signed in February.

Note 29 Proposal for the distribution of profits

Parent company	
The following earnings are at the disposal of the Annual General Meeting:	1,257,920
Profit brought forward from previous year	1,389,093
Profit for the year	**2,647,013**
The Board and the Chief Executive Officer propose that:	
to be paid to the shareholders as a dividend	1,147,013
to be carried forward	2,647,013
	2,647,013

The Board's statement pursuant to Chapter 18 Section 4 of the Companies Act on the proposed dividend

The Board considers the proposed distribution of profits to be justifiable taking into consideration the requirements which the nature, scope and risks of the operation, both with regard to the company and the Group, place on the size of the equity, and the company's and the Group's consolidation requirements, liquidity and position in general. The dividend exceeds the profit for the year by 111 MSEK but is 105 MSEK below the cash flow from current operations, which would reduce the Group's equity ratio from 26.4 per cent to 15.1 per cent (if the dividend had taken place at the end of the year).

Stockholm

Sven-Åke Johansson
Chairman of the Board

Göte Dahlin

Nicholas Jordan

Andrew Blincoe

Caroline Bertlin
President and CEO

Our auditors' report was issued on
Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

Board of Directors 2016

Nick Jordan
Board member of Nordisk Renting AB since 2007.

Caroline Bertlin
Board member in Nordisk Renting AB since 1 January 2016. CEO of Nordisk Renting AB since 1 January 2016.

Sven-Åke Johansson
Chairman of Nordisk Renting AB during two ownership periods: Nordea 1992 – 2003 and RBS 2003 – 2014.

Göte Dahlin
Deputy Chairman of Nordisk Renting AB since 2001. Board member since 1998 Formerly CEO of Nordisk Renting AB (1986 until October 2001).

Andrew Blincoe
Board member in Nordisk Renting AB since 1 January 2016.

Board of Directors 2017

Andrew Blincoe
Board member in Nordisk Renting AB since 1 January 2016.

Nick Jordan
Board member of Nordisk Renting AB since 2007.

Caroline Bertlin
Board member in Nordisk Renting AB since 1 January 2016. CEO of Nordisk Renting AB since 1 January 2016.

Lars Linder-Aronson
Chairman of the Board commencing March 2017.

Senior Executives

Caroline Bertlin

CEO since 1 January 2016.

Charlotta Wallman Hörlin

Deputy CEO since 1 January 2016.
Chief Legal Officer.

Lennart Ingefeldt

Senior Client Manager

Ulrika Grundén

CFO

Johan Salin

Tax

Marko Juhokas

Senior Client Manager

Olli Hakala

Portfolio Management

Lena Hasselgren

Risk

Pernilla Gullin

HR and Communications

Auditor's report

To the general meeting of the shareholders of Nordisk Renting AB, corporate identity number 556066-2578

Report on the annual accounts and consolidated accounts.

Opinions

We have audited the annual accounts and consolidated accounts of Nordisk Renting AB for the year 2016-01-01 - 2016-12-31.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of December 31, 2016 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are inde-pendent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other matters

The audit of the annual accounts for 2015 was performed by another auditor who submitted an auditor´s report dated 18 april 2016, with unmodified opinions in the Report on the annual accounts.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nordisk Renting AB for the year 2016-01-01 - 2016-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the appropriation is done in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organi-zation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, man-agement of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's account-ing in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm March 27, 2017
Ernst & Young AB

Fredric Hävrén
Authorized Public Accountant

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Nordisk Renting

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